

When To File A Use Tax Return

Use tax is very similar to the sales tax, but applies when Michigan sales tax is not charged at the time of purchase, whether you are a business or individual.

Use tax must be paid on the total price (including shipping and handling charges) of all taxable items brought into Michigan or purchases by mail from out-of-state retailers who do not collect Michigan sales tax. It applies to purchases made in foreign countries as well as other states. Michigan allows a credit for sales tax properly paid to another state, up to the amount charged by Michigan and provided the other state allows a similar credit.

Effective May 1, 1994, the use tax rate increased from 4 percent to 6 percent.

Items that are taxable. Use tax applies to the same merchandise that sales tax applies to. Either sales tax or use tax needs to be paid on taxable items.

Examples of purchases subject to use tax include:

- catalog or mail-order purchases (sporting goods, clothing, home furnishings, etc.);
- purchases made from other states or Canada (appliances, electronic equipment, furs, furniture, etc.);
- purchases made from TV shopping clubs (records, tapes, books, etc.);
- vacation/travel purchases (jewelry, works of art, etc. you purchase in another state or foreign country and have shipped to you in Michigan);
- any purchase subject to tax, where the tax has not been collected.

You do not have to pay use tax on grocery food items, prescription drugs or vitamins and most magazine subscriptions.

Businesses that collect use tax. If an out-of-state business does not have a store, warehouse or employees in Michigan, it does not have to register and collect Michigan use tax. Many businesses voluntarily collect use tax for their customers although they are not required to.

Use tax enforcement. Michigan is a member of interstate tax enforcement agreements that help members enforce sales and use tax laws through an information exchange.

Through these agreements, out-of-state businesses are encouraged to voluntarily register and collect Michigan use tax. If they do not, Michigan may contact purchasers directly for payment. If the tax has not been paid before the purchaser is contacted, the bill will include penalty of up to 50 percent and interest.

How to pay use tax. If you owe use tax, complete the *Individual Purchase Use Tax Return* (form C-3001) below. For proper credit, do not enclose this return and payment with your income tax return. Send the form with your payment to the address on the use tax return.

Example: Jeff of Lansing, Michigan mail-ordered a camera and supplies from a store in New York City. Jeff paid the store this way:

Merchandise Cost	\$450.72
Shipping and Handling	+ 4.00
Total Paid	\$454.72

Jeff is liable for use tax due Michigan at 6% of the cost of the merchandise and the shipping and handling.

$\$454.72 \times 6\% = \27.28 use tax due.

If you have questions about the use tax, call the Sales, Use and Withholding Taxes Division at 517-373-3190.

Cut on this line

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Formerly C-3001

INDIVIDUAL PURCHASE USE TAX RETURN

Issued under P.A. 94 of 1937. Filing is mandatory.

When you buy items from out-of-state companies through catalogs, or through newspaper, television or magazine advertisements, or buy an aircraft, you may owe use tax on those items. Some companies collect the Michigan tax on sales; when they do, you should pay the tax directly to the company.

Do not mail this with your income tax return.

But if you buy something from an out-of-state company that doesn't collect Michigan sales or use tax, you must pay use tax directly to the Michigan Department of Treasury.

Items subject to use tax include aircraft, clothing, appliances, electronic equipment, furniture, jewelry and books. You do not have to pay use tax on grocery food items, prescription drugs, vitamins and most magazine subscriptions.

Your Name		Telephone Number	
Street Address	City	State	ZIP Code

An itemized list of purchases is not required. Report only your total purchases on which you did not pay tax, including shipping and handling.

Total Purchases	\$	<i>I declare, under penalty of perjury, that the information in this return is true and complete to the best of my knowledge.</i>	Signature	Date
X .06				
TOTAL TAX DUE. Pay this amount.	\$			

Make your check payable to the "State of Michigan," write the words "Use Tax" on the front of the check, and mail to: Sales, Use and Withholding Taxes Division, Michigan Department of Treasury, Lansing, MI 48922